### Benchmarking

<table>
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<th>What is it?</th>
<th>What does it achieve?</th>
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<td>A way of improving ourselves by learning from others.</td>
<td>Performance improvement through adopting best practice.</td>
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<td><strong>How to use it?</strong></td>
<td><strong>When to use it?</strong></td>
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<tr>
<td>Identify your problem area/s.</td>
<td>?? When comparing performance</td>
</tr>
<tr>
<td>?? Use research techniques.</td>
<td>?? Identifying problems</td>
</tr>
<tr>
<td>?? Talk to your employees, customers and suppliers.</td>
<td>?? When seeking new ideas</td>
</tr>
<tr>
<td>?? Identify organisations who are leaders in these areas</td>
<td>?? When researching comparison of your own performance with that of leaders in the field.</td>
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<tr>
<td>?? Research and determine which companies are performing the best and are worth studying in more detail.</td>
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### What is Benchmarking?

Benchmarking is a powerful management tool. It helps to break through resistance to change by demonstrating other methods of solving problems than the one currently used and demonstrating that they work, because they are being successfully used by others.

When approaching benchmarking for the first time, to avoid confusion from varying definitions, it would be helpful to identify what benchmarking usually encompasses:

- ?? regularly comparing functions or processes with best practice
- ?? identifying where performance could be improved
- ?? seeking fresh views and ideas to bring about improvements in performance
- ?? following up by implementing improvements
- ?? monitoring progress and reviewing the benefits

### Peer Benchmarking

Some authors call benchmarking "best practices benchmarking" or "process benchmarking". This is to distinguish it from what they call "peer benchmarking". Peer benchmarking is used when you want to increase your own performance to that of leading professionals in your field.

### Keys to benchmarking

- **Collaborative** Benchmarking is best undertaken in a collaborative way.
- **Comparing to the best** To aim is to learn from best practices about the processes and circumstances they use to underpin their performance.
Repeat periodically

To ensure you keep up to date with changing circumstances.

Integrity

Being honest and open is vital for benchmarking success.

Thorough analysis and action

If visits to site are undertaken they should be part of a structured programme leading to thorough analysis.

Procedure

1. **Identify your problems areas:** - research thoroughly through:

   Informal conversations with clients, employees or suppliers

   Possibly:

   - Market research
   - Surveys / questionnaires
   - Process mapping
   - Financial ratio analysis

2. **Identify organisations that are leaders in your field:** - be prepared to look at other countries

   - Consulting clients
   - Suppliers
   - Financial analysts
   - Trade associations
   - Magazines

Cost of benchmarking

Benchmarking is moderately expensive, but most organisations find it more than pays for itself. The three main costs are:

- **Visits** Costs for meals, hotels, travel and labour time.
- **Time** Researching, investigating and implementing will take the benchmarking team away from their regular duties therefore additional staff may be required.
- **Database** Organisations which benchmark regularly find it useful to create and maintain a database of best practices and the companies associated with them.

Acknowledgement to: Wikipedia and PSBS (Cabinet Office)